

Trust Connection

Building Lasting Relationships for the Benefit of our Mutual Clients

TRUST NEWS AND INFORMATION FROM YOUR TRUST REPRESENTATIVE OFFICE

Welcome to *Trust Connection*,
a regular communication from
Valley National Trust Services.



December 2021

Centers of Influence: Effective Referral Strategies for Practice Growth

In a business built on referrals, advisors like you are constantly looking for ways to generate new leads and to grow your practice. These days, one of the most effective way to generate referrals is finding and leveraging centers of influence (COIs). COIs are people who work with the types of clients you want to serve, or who could potentially connect, introduce, or refer new prospects or streams of business. COI referrals make a valuable addition to personal referrals from clients, friends, and family along with leads generated through web marketing, direct marketing, and public relations.

A COI is a person who meets the following criteria:

1. They know a significant number of potential clients for your financial advisory practice.
2. They talk to potential clients about issues related to financial planning.
3. They interact with potential clients on a regular basis.
4. They are willing to talk to potential clients about your financial advisory practice.
5. They fulfill a need related to your potential clients' needs.
6. They are well-respected by potential clients.

In short, a COI knows the right people, talks to them about the right things, talks to them regularly, would talk to them about advisors, and has an established, trusted reputation.

When it comes to finding COIs for financial advisors, there several types of professionals you can consider. It all depends on the type of client you want to reach -- your target market. Once you identify your target market, you will be in a better position to find COIs who can connect with and influence your prospective clients.

Some common types of COIs include people in the following professions:

- Attorneys
- Accountants
- Mortgage brokers
- Charity fundraisers
- Insurance agents
- Corporate executives
- Corporate sales professionals
- Bankers
- Financial educators
- Real estate agents, especially those who work with affluent individuals.

When financial advisors collaborate with other professionals, like attorneys, CPAs and insurance specialists, client relationships and outcomes are typically better. Collaboration with COIs may also lead to a more enjoyable, higher-level, larger practice for you.

Building relationships with COIs is not without challenges. Some advisors struggle with execution when attempting to make fruitful connections with COIs. Some look everywhere for COI relationships that never materialize; others manage to find the networks, but not the new business. And if every financial advisor is vying for the attention of every COI, how do you stand out?

Start by defining what you are looking for in a COI. COIs can be:

Brand ambassadors — Engaged and valued clients who advocate for your brand among their peers. Think of them as influencers who are connected to a social network of ideal clients and professionals who work with them. Sourcing referrals from your raving fans can be a very effective way to grow your practice, but it should be approached with caution. You may find that repeatedly requesting referrals from your clients is not sustainable long term.

Business relationships — Networking groups or advisory boards filled with professionals you admire or want to know. These groups can offer

an ongoing forum to share business ideas and success stories and to potentially connect you to prospective clients or other avenues for practice growth. Some advisors find opportunities in networks outside of the world of finance.

Professional networking groups can be a great way to meet new people and broaden your horizons in more ways than one.

Reciprocal referrers — Arrangements with local qualified professionals that you have vetted, such as accountants, bankers, attorneys, mortgage brokers, etc. You send clients in need their way with the expectation they will do the same. This allows you to offer appropriate referrals to your clients with the added benefit of possibly gaining new clients yourself. Reciprocal referrals are often the trickiest COI strategies to pull off. You may be naturally inclined to connect your clients to accountants, attorneys or third-party administrations, and these professionals are likely looking for good advisors to recommend to the clients they work with – but you could wind up with too many referrals or referrals that lack quality.

If you are looking for a reciprocal referral relationship, it can help to have a few guardrails in place early on:

Valley National Trust Services

invites you to learn more:

610-868-9000

As a Trust Representative Office of National Advisors Trust, we represent the largest federally-chartered trust company created by Registered Investment Advisors (RIAs).



- **Put clients first.** It's hard to go wrong when the primary goal is connecting clients to the professionals who can best meet their needs. Before considering a professional to recommend in a referral relationship, make sure to get to know these professionals' qualifications and their work so you are sure they have the capabilities to handle the clients you refer. Your fiduciary responsibilities to your client should always come first.

- **Refer more business than you get.** COIs respond to referrals, which may mean that you have to put in more than you get out of the strategy initially. However, if you are working on behalf of the client, you may refer business regularly without even thinking about it. Do this more deliberately, and you are bound to attract COIs to you.

- **Set the terms.** If there are specific expectations for reciprocal referrals, try to spell them out: the types of services you can offer, the types of clients you seek and any minimum requirements for working with you. You should learn the same about the COIs you work with.

Strive to serve referral clients with excellence. While it may sound obvious, take steps to ensure that referred clients get the best service you can offer, and follow up with every lead. Even if you can't take the business, try to connect the prospect to someone who can. Taking good care of prospective clients will help you build a strong reputation among your peers.

"Team client" — For purposes of establishing connections with COIs around a specific client's needs, very few connections are more valuable than a working relationship with a shared client at the center. In this scenario, you would coordinate professional efforts to help streamline complex financial and estate plans. Some advisors think of themselves as "financial quarterbacks" in a team client arrangement. Many advisors now offer comprehensive planning and advising on many aspects of clients' lives to help maximize and protect their wealth. This often involves

coordination with other professionals on the client's financial team, such as accountants, insurance agents and attorneys. For instance, if a client is selling a business and has estate planning needs, it would make sense to coordinate, and to potentially quarterback, a team consisting of one or more attorneys, a CPA, a commercial lender, and an insurance agent.

The team client relationship is more involved than just making a referral to a qualified professional in your region. There are many roles financial advisors can play in a team client relationship, from big-picture macro-managing to helping coordinate important dates and information. Of course, you will take your cue from the client. But recognize the opportunities to make an impression on COIs, which could potentially lead to new business.

If the "quarterback" or manager of the relationship between you and the client and the COI is not the appropriate role, be a collaborator — a member of a team working together to serve and advise the client. Exceptional service and advice in your area of expertise go a long way in generating referrals from the other players involved, including COIs and clients.

Each of these COI strategies can be effective tools for prospecting and acquiring new clients. Your specific tactics may vary depending on the type of COI relationship you are cultivating. Once you're making positive connections with centers of influence, you will want to increase the number of them you are leveraging. As long as you can keep the relationships genuine and consistent, then the more centers of influence you have, the better.

Leveraging centers of influence can be an excellent marketing tool for financial advisors. By leveraging COIs, you can get in touch with potential clients in a powerful way. Meeting people through people can be a very effective way to grow your business.

This publication contains general information only, and National Advisors Trust Company is not, by this publication, rendering accounting, financial, investment, legal, tax or other professional advice or services.